

Draft

**BOARD OF COMMISSIONERS
WORK SESSION May 11, 2006**

**ALEXANDER COUNTY
STATE OF NORTH CAROLINA**

PRESENT: Larry G. Yoder, Chairman
 W. Darrell Robertson, Vice-Chairman
 Wesley E. Bolick
 William L. Hammer
 W. Norris Keever

STAFF: Rick French, County Manager
 Jamie Starnes, Clerk to the Board
 Linda Williams, Financial Analyst

The Alexander County Board of Commissioners held a work session on Thursday, May 11, 2006 in the County Administration Building Conference Room, Taylorsville, North Carolina.

CALL TO ORDER

Chairman Yoder called the work session to order at 6:17 PM.

BRIEF REVIEW OF 2005-2006 BUDGET

Rick French, County Manager, discussed the status of revenues and expenditures for the current budget as of April 30, 2006 compared to the 2004-2005 budget, which included the following:

- Sales tax (all articles) - \$6,979,178 collected for current budget compared to \$6,253,270 for 2004-2005 or a 6.6% increase.
- Ad valorem taxes – over \$9.8 million collected for current budget or 98%.
- Home Health - \$939,000 collected for current budget compared to \$359,000 for 2004-2005.
- EMS Billing - \$450,000 collected for current budget compared to \$505,000 for 2004-2005.
- General Fund - \$22,701,000 for current budget compared to \$22,116,000 for 2004-2005.
- Medicaid - \$1,200,000 spent for current budget compared to \$1,335,448 for 2004-2005. Overall expenses are up this year totaling \$21,872,000 compared to \$20,606,000 for 2004-2005.
- Solid Waste - \$1,104,000 (revenues) and \$1,004,000 (expenditures) for current year compared to \$1,073,000 (revenues) and \$1,074,000 (expenditures) for 2004-2005.

2006-2007 BUDGET PROCESS

Mr. French stated that the Finance Committee had reviewed the proposed budget. He pointed out that all County departments received their budgets on Friday, May 5, 2006 and he noted that outside agencies such as the Chamber of Commerce, WPCOG, etc. would receive their budgets tomorrow, May 12, 2006.

Mr. French informed the Board that the public hearing would be held on May 15, 2006 and he felt that the budget ordinance could be adopted on June 5, 2006. He stated that another budget work session could be scheduled if needed.

2006-2007 BUDGET ISSUES

The following budget issues were discussed:

- a. Mr. French stated that new budget forms were being used this year due to the MUNIS software. He briefly explained how the new forms could be read.
- b. Mr. French discussed the uncertainty with the revenue surplus. He explained that counties had heard the surplus could total up to \$2 billion; however, the NCACC has projected \$605 million. Mr. French stated that the lottery projections were on target and he noted that several counties were contesting the formula for lottery distributions because it penalized counties with low tax rates. The NCACC has projected a 4% to 4.5% increase in sales tax revenues and a 3.4% increase in beer/wine taxes.
- c. Medicaid will be increasing from \$459 million to \$487 million or 6.1% statewide. Mr. French explained that a cap of Medicaid costs could save Alexander County \$220,000 and he stated that bills to cap costs had been sponsored in the Senate and the House.
- d. Mr. French stated that worker's compensation costs had increased tremendously over the last several years – from a premium of \$44,896 in 2003-2004 to a premium of \$313,792 for 2006-2007 with an additional \$135,000 after the adjustment. He also noted that premiums were figured for 3-year periods. Mr. French discussed plans to reorganize the Human Resources Department to focus more on safety and wellness and address these costs. He also noted that paying the premium before August 1, 2006 would result in a 2% discount, or \$6,000.

Mr. French stated that the property and liability insurance with the NCACC was stable at \$175,000 and he reported that the cost had only slightly increased for the past 3 years. He also noted that paying this premium before August 1, 2006 would result in a 2% discount as well.

- e. Mr. French stated that the NCACC would be changing insurance carriers for 2006-2007 from Blue Cross Blue Shield to CIGNA; however, he noted that several counties had opted to remain with Blue Cross for the time being. He explained that costs would increase 10.5% by changing to CIGNA compared to only a 10% increase to remain with Blue Cross and keep the same network. Mr. French suggested the County remain with Blue Cross for another year and consider changing carriers for the 2007-2008 fiscal year. He noted that Mark III Consultants was currently researching several insurance carriers' rates and plans for future consideration.

Several suggestions were made to lower insurance premiums including providing wellness programs and having a full-time nurse on staff. Mr. French replied that the Human Resources Department, once reorganized as mentioned earlier, would be working on these types of programs and cost savings.

- f. Mr. French gave updates on the following projects:
 - o The Elections Office project is well underway. Don Harrington Construction is the contractor for the renovation of the former Employment Security Commission building to house Elections.
 - o Staff has met with Mark North who is willing to lease his 2,400 square foot building to the County for a Bethlehem Branch Library for 5 years with an option to renew for 5 years. The lease has been given to Robert Campbell, County Attorney, to review.
 - o Senator Elizabeth Dole's office is interested in helping the County receive a water grant for the Northeast Water Project. The County stands to receive \$1.5 million.
 - o Staff met with the owners of the proposed site for the aquatic center. Mr. French explained that the property owners had previously agreed to donate the property for the facility and also construct a road. However, the property owners stated at the meeting that they were not financially able to construct the road as agreed upon. Staff also received notification that the County was not eligible for the PARTF grant as currently submitted; therefore, the application will have to be rewritten and resubmitted.

2006-2007 BUDGET / GENERAL FUND REVIEW

Mr. French stated that the proposed 2006-2007 General Fund was very flat, totaling .3% less than the current budget (\$28,614,643 for 2005-2006 and \$28,522,273 proposed for 2006-2007). He stated that there had not been very much growth within the last year, which resulted in the flat budget. He also stated that there were no increases in taxes, fees, or rates proposed.

Mr. French stated that the following items had been included in the proposed 2006-2007 budget:

- \$90,000 for courthouse security
- \$108,000 for new Sheriff's Department vehicles
- \$80,000 for Bethlehem Branch Library start-up
- \$130,000 for worker's compensation increase
- \$120,000 for Health Department increase
- \$75,000 for auditorium payment
- \$40,000 for debt service payment increase
- \$17,800 for part of Comprehensive Development Plan update
- \$23,000 for new Animal Control vehicle
- \$4.9 million for schools

Mr. French stated that the following were new positions included in the budget. He also pointed out that some of these positions would be filled with current County employees.

- Health Department – one dentist and 3 staff paid with health funds
- DSS – one Child Protective Social Worker II and a clerical position paid with DSS funds
- Courthouse security – one full-time, 2 part-time, and one contracted position
- Library – 2 part-time employee
- Senior Center – one part-time employee
- Existing Industry / Utility Development – one full-time employee
- Communications – one full-time supervisor (in contingency)

Mr. French stated that the following items were not included in the budget:

- COLA for employees
- New ambulance
- Requested drug officer
- Requested jail supervisor
- Requested Animal Control clerical position
- Requested Information Technology training contract

Mr. French reviewed a few departmental budgets and gave the following information:

- \$142,000 has been budgeted for automotive supplies and fuel
- \$145,000 has been budgeted for utilities. The County is participating in a facility energy improvements plan with the School System to save on energy costs.
- \$1,725,000 has been budgeted for Medicaid
- \$6,000 has been budgeted for the Chamber of Commerce
- \$55,000 has been placed in the Economic Development budget for IDI grants
- \$360,000 will be taken from Fund Balance to balance the budget

Chairman Yoder asked that Mr. French work to include the COLA for County employees. Commissioner Robertson agreed and stated that the increases in fuel costs as well as insurance

justified the need for a COLA. Mr. French suggested taking the \$230,000 needed to provide a COLA for County employees out of the Fund Balance. He explained that the funding could be replaced once the Medicaid cap went into effect. The Board instructed Mr. French to research the best financial avenue to provide the COLA to County employees.

Mr. French presented 2 letters from Sheriff Hayden Bentley regarding positions for Communications and the jail. The first letter requested the Board remove the communications supervisor position from contingency and place within the 2006-2007 budget. Mr. Bentley explained that applicants had been interviewed and a final candidate had been chosen. The second letter requested the Board fund the jail supervisor position, which had not been included in the proposed budget.

After discussion, the Board agreed that the Jail Supervisor position would remain unfunded for the 2006-2007 proposed budget. The Board also agreed to put a hold on the hiring of the communications supervisor for 6 months. It was noted that the position may need to be re-advertised in order to obtain more technically qualified applicants.

The Board also discussed ways to cut fuel costs including asking departments to conserve by making fewer trips, mailing payroll checks, etc. Mr. French stated that the school system was considering working 4 9-hour days and one ½ day per week or 4 10-hour days.

CLOSING COMMENTS

Mr. French reminded the Board and staff that the public hearing for the 2006-2007 budget would be held at the next Commissioners' Meeting on Monday, May 15, 2006 in Room 103 of the CVCC / Alexander Center.

ADJOURNMENT

There being no further business, the work session was adjourned at 7:50 PM.

Larry G. Yoder, Chairman

Jamie M. Starnes, Clerk to the Board